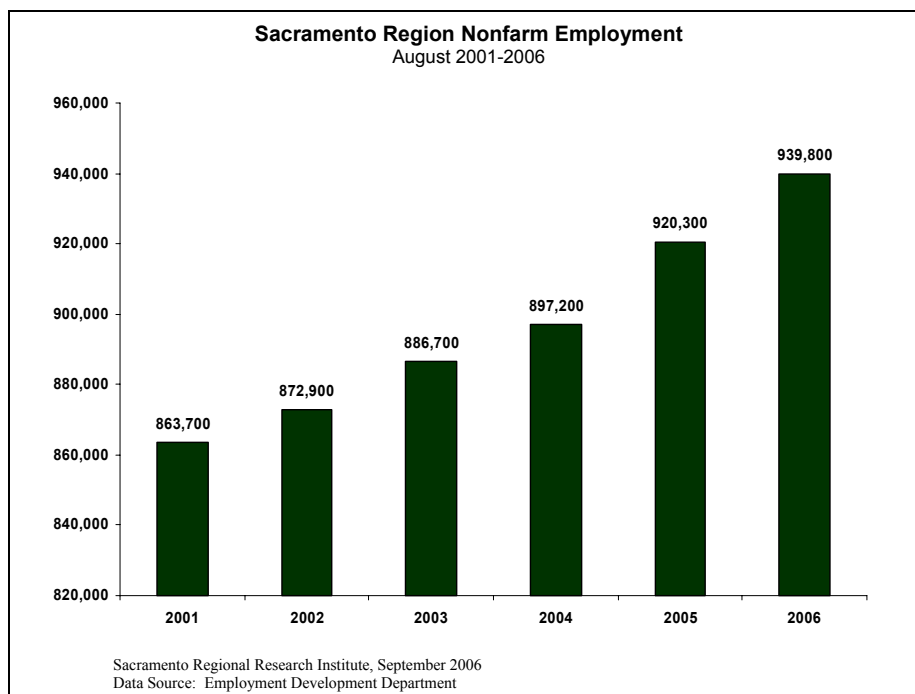
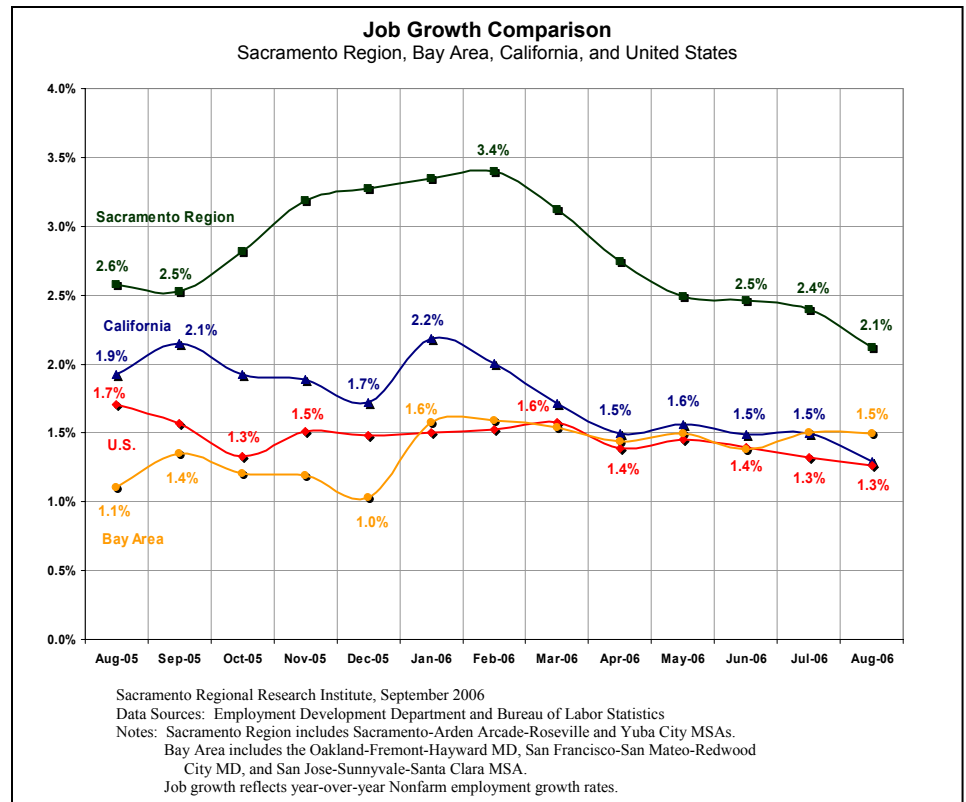


### EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

While still showing relatively strong job growth in August 2006, the Sacramento Region has posted declining employment growth rates since the beginning of the year.

The six-county Sacramento Region saw another decline in its year-over-year growth rates in August 2006, continuing a pattern that began in March 2006. This declining job growth is the result of ongoing decreases in year-over-year employment growth rates in the Construction and Financial Activities sectors along with recent slower growth in Manufacturing. Over the 12 months ending in August 2006, the Region added 19,500 jobs, reflecting a 2.1 percent growth rate. Although the Region's August 2006 job growth was notably lower than the recent 3.4 percent peak in February 2006, it posted stronger growth than the state and the nation overall.

The state has also been experiencing a generally declining job growth pattern since the beginning of the year due to slowing in the Construction and Financial Activities sectors. Compared to the state's January 2006 job growth peak of 2.2 percent, it posted a 1.3 percent employment growth rate in August 2006 (similar to the national average) with a year-over-year gain of 190,600 jobs.



The nation's job growth has been relatively flat over the past couple years, but has recently fallen below its average over this time period (1.5 percent). In August 2006, the nation posted 1.3 percent job growth, reflecting an addition of 1.7 million jobs in the past 12 months.

The Bay Area's job growth has demonstrated a fairly flat pattern since January 2006, but with declining growth in the state and the nation, it posted a growth rate higher than the statewide and national averages in August 2006 (the first time since its recent economic recovery). Between August 2005 and 2006, the Bay Area added 42,500 jobs with a growth rate of 1.5 percent. While the state, nation, and Sacramento Region have seen declining employment growth rates in recent months, the Bay Area's job growth has remained somewhat steady.

*The state added Manufacturing jobs in the past 12 months and while Manufacturing has also seen positive growth in the Sacramento Region, it has been adding jobs at a slower rate in recent months.*

The Sacramento Region's Leisure & Hospitality; Professional & Business Services; and Government sectors added the greatest number of jobs among the major sectors between August 2005 and 2006. Together, these three sectors added 14,100 jobs, accounting for about 72 percent of the Region's net gain during this time period. The Construction and Financial Activities sectors have recently contributed less to the Region's overall economy—Construction fell near the bottom of the list of job gains while Financial Activities dropped to negative year-over-year growth in August 2006. Recently, the Manufacturing sector in the Region has been adding jobs while experiencing job losses at the statewide level. However, the Region's Manufacturing sector has been adding jobs at a slower rate in the past few months and the sector posted positive job growth in the state in August 2006. In addition to Financial Activities, Information was the only other sector to see employment losses over the past 12 months.

**Major Sector Employment Gains and Losses**  
Sacramento Region, California, and Bay Area

Sector	August 2005-2006		
	Sacramento Region	California	Bay Area
Total Nonfarm	19,500	190,600	42,500
Private Sector	15,600	164,400	38,500
Public Sector	3,900	26,200	4,000
Leisure & Hospitality	5,200	40,300	6,700
Prof. & Business Svcs.	5,000	49,900	9,400
Government	3,900	26,200	4,000
Trade, Trans., & Util.	2,900	18,400	3,900
Edu. & Health Svcs.	1,700	33,400	5,700
Construction	700	7,900	8,500
Manufacturing	700	800	1,400
Other Services	100	10,100	700
Nat. Res. & Mining	0	1,100	0
Financial Activities	-200	11,800	3,800
Information	-500	-9,300	-1,600

Sacramento Regional Research Institute, September 2006  
Data Source: Employment Development Department

Professional & Business Services; Leisure & Hospitality; and Educational & Health Services posted the largest employment gains in the state over the past 12 months, contributing 123,600 of the state's net increase of 190,600 jobs (approximately 65 percent). For the first time since July 2004, the state's Manufacturing sector posted a year-over-year employment increase in August 2006. This shift left only the Information sector with negative growth. Despite this positive news, on an overall basis, the state's major sectors have seen slower growth in the past few months.

**Employment Gains and Losses**

Components of Sacramento Region and Bay Area

Area	August 2005-2006	
	Absolute	Rate
Sacramento Region	19,500	2.1%
Sacramento-Arden Arcade-Roseville MSA	18,500	2.1%
Yuba City MSA	1,000	2.5%
Bay Area	42,500	1.5%
Oakland-Fremont-Hayward Div.	23,200	2.3%
San Francisco-San Mateo-Redwood City Div.	13,800	1.5%
San Jose-Sunnyvale-Santa Clara MSA	5,500	0.6%

Sacramento Regional Research Institute, September 2006  
Data Source: Employment Development Department  
Note: Gains and losses reflect Nonfarm employment.

Along with Professional & Business Services and Leisure & Hospitality, the Bay Area's Construction sector continued to play an important role in its total job growth. Combined, these three sectors posted an increase of 24,600 jobs, which makes up about 58 percent of the Bay Area's net employment increase between August 2005 and 2006. Like the state, only the Information sector lost jobs over the past 12 months in the Bay Area. Job growth in most of the Bay Area's major sectors has remained consistent since the beginning of the year.

The Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (El Dorado, Placer, Sacramento, and Yolo Counties) drove the Sacramento Region's overall job growth while the Yuba City Metropolitan Statistical Area (Sutter and Yuba Counties) continued to experience declines in its year-over-year employment growth rates. The

Oakland-Fremont-Hayward Metropolitan Division (Alameda and Contra Costa Counties) continued to play an important role in the Bay Area's recovery, posting job growth notably above the Bay Area average (and the Sacramento Region) in August 2006. Both the San Francisco-San Mateo-Redwood City Metropolitan Division (Marin, San Francisco, and San Mateo Counties) and San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area (San Benito and Santa Clara Counties) made a positive contribution to the Bay Area's economy, but to a lesser extent than the East Bay.

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